

Federal Tax Deposit Requirements for Employment Taxes

Do employment tax requirements confuse you? You're not alone! The rules are not one-size-fits-all, and can be difficult to navigate. This summary may help clear up some of the mystery for you.

As an employer, you're required to file Form 941, Employer's Quarterly Federal Tax Return, and to make regular Federal tax deposits (FTDs) of employment taxes, which include your employees' withheld Federal income tax, Social Security tax, Medicare tax, and your share of Social Security and Medicare taxes. Your deposit schedule may be either monthly or semi-weekly, depending on the amount owed during a four-quarter look-back period. The look-back period for calendar year 2002 covers the four calendar quarters from July 1, 2000, through June 30, 2001.

If The Total Taxes You Reported In The Lookback Period Were:	Then You Are A:
\$50,000 or less	Monthly Schedule Depositor
More than \$50,000	Semi-weekly Schedule Depositor

New employers who never filed Form 941 before follow the monthly schedule depositor's rules for the first calendar year of their business. If, however, as a new employer, you accumulate a tax liability (reduced by any advance Earned Income Credit (EIC) payments) of \$100,000 or more on any day during a deposit period, you must deposit the tax by the next banking day.

FTD payments are based on when wages are **paid**, not earned, and must be deposited as follows:

Monthly Schedule Depositors

- Deposit each month's taxes by the 15th day of the following month (e.g., taxes from payday(s) during August are deposited by September 15).

Semi-weekly Schedule Depositors

- For wages paid Saturday, Sunday, Monday, or Tuesday, deposit by Friday of that week.
- For wages paid Wednesday, Thursday, or Friday, deposit by the following Wednesday.

If the due date for a deposit falls on a federal or state bank holiday or on a Saturday or Sunday, the deposit is considered timely if it is made by the close of the next banking day. NOTE: No monthly or semi-weekly FTD payments are required if the total tax liability for the quarter is less than \$2,500. You may mail in your payments with your quarterly Form 941.

If you have a deposit requirement, you may choose one of two deposit methods:

- Make your payment electronically, using the safe, convenient, Electronic Federal Tax Payment System (EFTPS). To enroll in EFTPS, call 1-800-945-8400 or 1-800-555-4477 or visit www.eftps.gov online.
- Mail or deliver Form 8109, *Federal Tax Deposit Coupon*, with your payment to an authorized financial institution or Federal Reserve Bank or branch. Make the check or money order payable to the financial institution.